

# Rubin & Hays

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CHARLES S. MUSSON  
W. RANDALL JONES  
CHRISTIAN L. JUCKETT

PARALEGAL  
MARY M. EMBRY

March 26, 2004

RECEIVED

MAR 26 2004

Mr. Thomas Dorman, Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, Kentucky 40602

Case 2004-00112

PUBLIC SERVICE  
COMMISSION

Re: Edmonson County Water District PSC Application

Dear Mr. Dorman:

Enclosed please find the original and ten (10) copies of the Application of the Edmonson County Water District for an Order authorizing the issuance of securities pursuant to KRS 278.300.

This Application requests approval of the issuance of securities for the purpose of refunding certain high interest Bonds of the Applicant. **Due to the extreme volatility of the financial markets and the fact that this refunding is interest rate sensitive, we request that the Commission process the Application in an expedited manner and issue an Order on or before April 27, 2004 (the date set for closing the securities).**

Thank you for your assistance and if you need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By   
W. Randall Jones

WRJ:jlm  
Enclosures

cc: Mr. Nelson Sanders, Edmonson County Water District  
Ms. Kristen Curtis, Morgan Keegan

COMMONWEALTH OF KENTUCKY

RECEIVED

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY MAR 26 2004

PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF EDMONSON COUNTY )
WATER DISTRICT TO ISSUE SECURITIES )
IN THE APPROXIMATE PRINCIPAL AMOUNT )
OF \$2,654,000 FOR THE PURPOSE OF REFUNDING ) CASE NO. 2004-00112
CERTAIN OUTSTANDING REVENUE BONDS OF )
THE DISTRICT PURSUANT TO THE PROVISIONS )
OF KRS 278.300 AND 807 KAR 5:001 )

\*\* \*\*\* \*\*\*\* \*\*\*\*\* \*\*\*\* \*\* \*\*

APPLICATION

The Applicant, Edmonson County Water District (the "District"), files this Application pursuant to KRS 278.300, 807 KAR 5:001, and all other applicable laws and regulations, and requests that the Kentucky Public Service Commission (the "Commission") enter an Order authorizing the District to issue certain securities in the approximate principal sum \$2,654,000 (subject to adjustment of up to 10%), for the purpose of refunding certain outstanding waterworks revenue bonds of the District. In support of this Application, and in compliance with the rules and regulations of the Commission, the District states as follows:

- 1. The District was established in accordance with the provisions of Chapter 74 of the Kentucky Revised Statutes pursuant to an Order of the County Judge/Executive of Edmonson County, which Order is on file in the County Court Order Books in the office of the Clerk of Edmonson County, Kentucky. The District is now, and has been since its inception, regulated by the Commission, and all records and proceedings of the Commission with reference to the District

are incorporated in this Application by reference. The District does not have any Articles of Incorporation due to the fact that it is a statutory entity.

2. The governing body of the District is its Board of Commissioners which is a public body corporate, with power to make contracts in furtherance of its lawful and proper purpose as provided for in KRS 74.070 and all applicable law and regulations.

3. The mailing address of the District is as follows:

Edmonson County Water District  
c/o Mr. Nelson Sanders, Manager  
P.O. Box 208  
Brownsville, Kentucky 42210  
Telephone: (270) 597-2165

4. A general description of the District's water system property, together with a statement of the original cost, is contained in the District's Annual Report for 2002 which is on file with the Commission. The Annual Report is incorporated herein by reference.

5. The District proposes to borrow funds from the Kentucky Rural Water Finance Corporation ("KRWFC") pursuant to an Assistance Agreement (the "2004 Loan"), in the estimated principal amount of \$2,654,000 (subject to adjustment of up to 10%) for the purpose of refunding the outstanding revenue bonds designated as the (i) Edmonson County Water District Water System Revenue Bonds, Series of 1989A, dated December 4, 1989, in the original principal amount of \$1,080,000 (the "1989A Bonds"); (ii) Edmonson County Water District Water System Revenue Bonds, Series of 1989B, dated December 4, 1989, in the original principal amount of \$80,000 (the "1989B Bonds"); (iii) Edmonson County Water District Water System Revenue Bonds, Series of 1990, dated October 9, 1990, in the original principal amount of \$950,000 (the "1990 Bonds"); (iv) Edmonson County Water District Water System Revenue Bonds, Series of 1992A, dated February 24, 1992, in the original principal amount of \$598,000 (the "1992A Bonds"); and (v) Edmonson

County Water District Water System Revenue Bonds, Series of 1992B, dated February 24, 1992, in the original principal amount of \$303,000 (the "1992B Bonds") (hereinafter the 1989A Bonds, 1989B Bonds, 1990 Bonds, 1992A Bonds, and 1992B Bonds shall be collectively referred to as the "Prior Bonds"). Said Prior Bonds are currently held by the U.S. Department of Agriculture, acting through Rural Development ("RD") and all bear interest at the rate of 5.00% per annum.

6. The estimated debt service for the 2004 Loan is shown in **Exhibit A**, which is attached hereto and incorporated herein by reference. The debt service schedule and estimated interest rates are subject to change because of market conditions. The final terms and details of the 2004 Loan may vary from the present assumptions based upon market conditions and other business judgment factors.

7. The 2004 Loan will provide the District with the funds necessary to (i) refund the Prior Bonds; and (iii) pay the fees and expenses incident to the issuance of the 2004 Loan.

8. The Sources and Uses of Funds to be obtained from the issuance of the 2004 Loan are detailed as **Exhibit B**, which is attached hereto and incorporated herein by reference.

9. It is anticipated that the proposed refinancing will result in total gross savings of approximately \$395,244.77, which represents a net present value savings of \$125,428.68. These savings are shown on the Debt Service Comparison, which is attached hereto and incorporated herein by reference as **Exhibit C**.

10. The final principal amount of the 2004 Loan will be adjusted, based upon final interest rates which will be known on or about March 24, 2004, in order to provide funds sufficient to redeem, in full, the Prior Bonds. Final financial figures will be submitted to the Commission in a timely manner. The Applicant will not issue the securities if interest rates in the bond market shift to a point where the Applicant will not achieve any savings.

11. The Debt Service Schedule of the outstanding Prior Bonds being refunded is set forth in **Exhibit D**.

12. The District represents that the 2004 Loan is in the public interest and is intended to accomplish the purpose of strengthening the financial condition of the District by producing substantial debt service savings. This is a lawful object within the corporate purposes of the District's utility operations. The 2004 Loan is necessary, appropriate for, and consistent with the proper performance by the District of its service to the public and will not impair its ability to perform that service.

13. The District represents that it will, as soon as reasonably possible after the closing of the 2004 Loan, file with the Commission a statement setting forth the date of issuance of the 2004 Loan, the price paid, the fees and expenses incurred in the issuance of the 2004 Loan, and the terms and interest rates of the 2004 Loan.

14. The detailed Statement of Revenue and Expenses, Balance Sheet and Statement of Cash Flows for the twelve month period ending on December 31, 2003 are attached hereto and incorporated herein by reference as **Exhibit E** respectively.

15. The remaining financial schedules and other information necessary for the Financial Exhibit required by 807 KAR 5:001, Section 6 and Section 11 (2) (a) are contained in the 2002 Annual Report which is on file with the Commission. The Annual Report is incorporated herein by reference.

16. Pursuant to 807 KAR 5:001, the District hereby responds as follows:

- (a) Section 6(4) Mortgages: The District does not have any mortgages in effect as of the date hereof.

- (b) Section 6(5) Bonds: The 2004 Loan will be secured by a pledge of the revenues of the District's System.
- (c) Section 11(2)(b): The District does not have any trust deeds in effect as of the date hereof.
- (d) Section 11(2)(c): No property is being acquired as the proceeds of the securities are being used for the refunding of the Prior Bonds.

17. The District hereby requests and moves for a deviation, pursuant to 807 KAR 5:001, Section 14, from the requirements of 807 KAR 5:001, Section 6, which requires that the financial data filed with the Application be for a twelve (12) month period ending within ninety (90) days of the filing of the application. The District states that there has been no change that is material in nature in the financial condition or operation of the District since December 31, 2003. The financial data filed with this Application is for the twelve (12) month period ending December 31, 2003. This is the most recent published financial data available. Because of the volatility of the bond market, the District cannot run the risk of delaying the closing of the 2004 Loan while more current financial data is compiled. Also, the refunding of the Prior Bonds will save the District significant revenues thus improving the District's financial position.

18. No rate adjustment will be necessary.

**WHEREFORE**, the District respectfully requests that the Commission take the following actions:

1. Authorize the issuance of the securities requested in the Application prior to the closing date of **April 27, 2004**;

2. Grant the District a deviation, to the extent necessary, from 807 KAR 5:001, Section 6 to allow the submission of the District's 2002 Annual Report and 2003 Audit in lieu of more recent financial data, there being no material change in the data in 2004 and due to the volatility of the present bond market; and

3. Process this Application without a formal hearing in order to save time and expense.

The District will promptly respond to any inquiries or information requests by the Commission's staff.

RUBIN & HAYS

By 

W. Randall Jones  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202  
Phone: (502) 569-7525  
Fax: (502) 569-7555  
Counsel for Edmonson County  
Water District

STATE OF KENTUCKY            )  
                                           ) SS  
 COUNTY OF EDMONSON        )

The affiant, Harold Stewart, being first duly sworn, states: That he is the Chairman of the Edmonson County Water District, the Applicant in this case; that he has read the foregoing Application and has noted the contents thereof; that the same are true of his own knowledge and belief, except as to matters which are herein stated to be based on information or belief, and that these matters, he believes to be true and correct.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on the 23 day of March, 2004.

  
 \_\_\_\_\_  
 Harold Stewart, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Harold Stewart, Chairman of the Edmonson County Water District, on this the 23 day of March, 2004.

My Commission expires: 6-15-2005.

  
 \_\_\_\_\_  
 NOTARY PUBLIC



**\$2,654,000**

Edmonson County Water District  
Kentucky Rural Water Finance Corporation

## Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
12/30/2004	-	-	34,278.10	34,278.10
12/30/2005	76,000.00	2.250%	101,979.30	177,979.30
12/30/2006	74,000.00	2.370%	100,247.40	174,247.40
12/30/2007	74,000.00	2.375%	98,491.75	172,491.75
12/30/2008	80,000.00	2.500%	96,613.00	176,613.00
12/30/2009	80,000.00	2.750%	94,513.00	174,513.00
12/30/2010	82,000.00	3.125%	92,131.75	174,131.75
12/30/2011	86,000.00	3.300%	89,431.50	175,431.50
12/30/2012	88,000.00	3.500%	86,472.50	174,472.50
12/30/2013	92,000.00	4.000%	83,092.50	175,092.50
12/30/2014	96,000.00	4.000%	79,332.50	175,332.50
12/30/2015	98,000.00	4.000%	75,452.50	173,452.50
12/30/2016	102,000.00	4.000%	71,452.50	173,452.50
12/30/2017	106,000.00	4.000%	67,292.50	173,292.50
12/30/2018	112,000.00	4.000%	62,932.50	174,932.50
12/30/2019	116,000.00	4.125%	58,300.00	174,300.00
12/30/2020	120,000.00	4.125%	53,432.50	173,432.50
12/30/2021	124,000.00	4.250%	48,322.50	172,322.50
12/30/2022	130,000.00	4.250%	42,925.00	172,925.00
12/30/2023	134,000.00	4.375%	37,231.25	171,231.25
12/30/2024	142,000.00	4.375%	31,193.75	173,193.75
12/30/2025	146,000.00	4.375%	24,893.75	170,893.75
12/30/2026	154,000.00	4.375%	18,331.25	172,331.25
12/30/2027	164,000.00	4.375%	11,375.00	175,375.00
12/30/2028	170,000.00	4.375%	4,068.75	174,068.75
12/30/2029	8,000.00	4.375%	175.00	8,175.00
<b>Total</b>	<b>\$2,654,000.00</b>	<b>-</b>	<b>\$1,563,962.05</b>	<b>\$4,217,962.05</b>

### Yield Statistics

Accrued Interest from 04/01/2004 to 04/27/2004	7,426.92
Bond Year Dollars	\$37,557.67
Average Life	14.151 Years
Average Coupon	4.1641619%
Net Interest Cost (NIC)	4.2765866%
True Interest Cost (TIC)	4.2909440%
Bond Yield for Arbitrage Purposes	4.2670154%
All Inclusive Cost (AIC)	4.5364353%

### IRS Form 8038

Net Interest Cost	4.3174860%
Weighted Average Maturity	13.916 Years



**\$2,654,000**

Edmonson County Water District  
Kentucky Rural Water Finance Corporation

## Sources & Uses

Dated 04/01/2004 | Delivered 04/27/2004

### SOURCES OF FUNDS

Par Amount of Bonds	\$2,654,000.00
Accrued Interest from 04/01/2004 to 04/27/2004	7,427.19
Transfers from Prior Issue Debt Service Funds	44,951.71

**TOTAL SOURCES** **\$2,706,378.90**

### USES OF FUNDS

Original Issue Discount (OID)	21,353.70
Total Underwriter's Discount (0.709%)	18,816.41
Costs of Issuance	44,418.62
Gross Bond Insurance Premium ( 29.0 bp)	12,232.11
Deposit to Debt Service Fund	7,427.19
Deposit to Current Refunding Fund	2,601,056.95
Rounding Amount	1,073.92

**TOTAL USES** **\$2,706,378.90**



**\$2,654,000**

Edmonson County Water District  
Kentucky Rural Water Finance Corporation

## Debt Service Comparison

Part 1 of 2

Date	Total P+I	Expenses	Net New D/S	Old Net D/S	Savings
12/30/2004	34,278.10	-	34,278.10	63,995.41	29,717.31
12/30/2005	177,979.30	450.00	178,429.30	178,511.41	82.11
12/30/2006	174,247.40	450.00	174,697.40	177,075.00	2,377.60
12/30/2007	172,491.75	450.00	172,941.75	175,887.50	2,945.75
12/30/2008	176,613.00	450.00	177,063.00	178,525.00	1,462.00
12/30/2009	174,513.00	450.00	174,963.00	176,987.50	2,024.50
12/30/2010	174,131.75	450.00	174,581.75	176,350.00	1,768.25
12/30/2011	175,431.50	450.00	175,881.50	177,050.00	1,168.50
12/30/2012	174,472.50	450.00	174,922.50	176,575.00	1,652.50
12/30/2013	175,092.50	450.00	175,542.50	176,925.00	1,382.50
12/30/2014	175,332.50	450.00	175,782.50	175,612.50	(170.00)
12/30/2015	173,452.50	450.00	173,902.50	175,637.50	1,735.00
12/30/2016	173,452.50	450.00	173,902.50	174,975.00	1,072.50
12/30/2017	173,292.50	450.00	173,742.50	175,600.00	1,857.50
12/30/2018	174,932.50	450.00	175,382.50	176,950.00	1,567.50
12/30/2019	174,300.00	450.00	174,750.00	175,562.50	812.50
12/30/2020	173,432.50	450.00	173,882.50	175,950.00	2,067.50
12/30/2021	172,322.50	450.00	172,772.50	174,112.50	1,340.00
12/30/2022	172,925.00	450.00	173,375.00	175,025.00	1,650.00
12/30/2023	171,231.25	450.00	171,681.25	174,637.50	2,956.25
12/30/2024	173,193.75	450.00	173,643.75	175,925.00	2,281.25
12/30/2025	170,893.75	450.00	171,343.75	174,400.00	3,056.25
12/30/2026	172,331.25	450.00	172,781.25	175,062.50	2,281.25
12/30/2027	175,375.00	450.00	175,825.00	174,862.50	(962.50)
12/30/2028	174,068.75	450.00	174,518.75	173,825.00	(693.75)
12/30/2029	8,175.00	450.00	8,625.00	174,412.50	165,787.50
12/30/2030	-	-	-	109,250.00	109,250.00
12/30/2031	-	-	-	54,325.00	54,325.00
<b>Total</b>	<b>\$4,217,962.05</b>	<b>\$10,800.00</b>	<b>\$4,228,762.05</b>	<b>\$4,624,006.82</b>	<b>\$395,244.77</b>

**\$2,654,000**

Edmonson County Water District  
Kentucky Rural Water Finance Corporation

## Debt Service Comparison

Part 2 of 2

### PV Analysis Summary (Net to Net)

Gross Debt Service Savings	395,244.77
Accrued Interest Credit to Debt Service Fund	7,427.19
Transfers from Prior Issue Debt Service Fund	(44,951.71)
Contingency or Rounding Amount	1,073.92
Net Benefit	\$358,794.17
<b>Net Present Value Benefit</b>	<b>\$125,428.68</b>
Net PV Benefit / \$2,559,816 Refunded Principal	4.900%
Net PV Benefit / \$2,654,000 Refunding Principal	4.726%

### Refunding Bond Information

Refunding Dated Date	4/01/2004
Refunding Delivery Date	4/27/2004



**\$67,000**  
*Edmonson County Water District*  
*Series 1995*

**PRIOR ORIGINAL DEBT SERVICE**

Date	Principal	Coupon	Interest	Total P+I
6/30/2004	-	-	-	-
6/30/2005	1,000.00	-	3,350.00	4,350.00
6/30/2006	1,000.00	-	3,300.00	4,300.00
6/30/2007	1,000.00	-	3,250.00	4,250.00
6/30/2008	2,000.00	-	3,200.00	5,200.00
6/30/2009	2,000.00	-	3,100.00	5,100.00
6/30/2010	2,000.00	-	3,000.00	5,000.00
6/30/2011	2,000.00	-	2,900.00	4,900.00
6/30/2012	2,000.00	-	2,800.00	4,800.00
6/30/2013	2,000.00	-	2,700.00	4,700.00
6/30/2014	2,000.00	-	2,600.00	4,600.00
6/30/2015	2,000.00	-	2,500.00	4,500.00
6/30/2016	2,000.00	-	2,400.00	4,400.00
6/30/2017	2,000.00	-	2,300.00	4,300.00
6/30/2018	3,000.00	-	2,200.00	5,200.00
6/30/2019	3,000.00	-	2,050.00	5,050.00
6/30/2020	3,000.00	-	1,900.00	4,900.00
6/30/2021	3,000.00	-	1,750.00	4,750.00
6/30/2022	3,000.00	-	1,600.00	4,600.00
6/30/2023	4,000.00	-	1,450.00	5,450.00
6/30/2024	4,000.00	-	1,250.00	5,250.00
6/30/2025	4,000.00	-	1,050.00	5,050.00
6/30/2026	4,000.00	-	850.00	4,850.00
6/30/2027	4,000.00	-	650.00	4,650.00
6/30/2028	4,000.00	-	450.00	4,450.00
6/30/2029	5,000.00	-	250.00	5,250.00
<b>Total</b>	<b>67,000.00</b>	<b>-</b>	<b>52,850.00</b>	<b>119,850.00</b>

**YIELD STATISTICS**

Average Life..... 15.526 Years  
 Weighted Average Maturity (Par Basis)..... 15.454 Years  
 Average Coupon..... 5.0805095%

**REFUNDING BOND INFORMATION**

Refunding Dated Date..... 4/01/2004  
 Refunding Delivery Date..... 4/27/2004

**\$901,000**  
**Edmonson County Water District**  
**Series 1995 B**

**PRIOR ORIGINAL DEBT SERVICE**

Date	Principal	Coupon	Interest	Total P+i
6/30/2004	-	-	-	-
6/30/2005	19,000.00	-	45,050.00	64,050.00
6/30/2006	20,000.00	-	44,100.00	64,100.00
6/30/2007	21,000.00	-	43,100.00	64,100.00
6/30/2008	22,000.00	-	42,050.00	64,050.00
6/30/2009	23,000.00	-	40,950.00	63,950.00
6/30/2010	24,000.00	-	39,800.00	63,800.00
6/30/2011	25,000.00	-	38,600.00	63,600.00
6/30/2012	27,000.00	-	37,350.00	64,350.00
6/30/2013	28,000.00	-	36,000.00	64,000.00
6/30/2014	29,000.00	-	34,600.00	63,600.00
6/30/2015	31,000.00	-	33,150.00	64,150.00
6/30/2016	32,000.00	-	31,600.00	63,600.00
6/30/2017	34,000.00	-	30,000.00	64,000.00
6/30/2018	35,000.00	-	28,300.00	63,300.00
6/30/2019	37,000.00	-	26,550.00	63,550.00
6/30/2020	39,000.00	-	24,700.00	63,700.00
6/30/2021	41,000.00	-	22,750.00	63,750.00
6/30/2022	43,000.00	-	20,700.00	63,700.00
6/30/2023	45,000.00	-	18,550.00	63,550.00
6/30/2024	48,000.00	-	16,300.00	64,300.00
6/30/2025	50,000.00	-	13,900.00	63,900.00
6/30/2026	53,000.00	-	11,400.00	64,400.00
6/30/2027	56,000.00	-	8,750.00	64,750.00
6/30/2028	58,000.00	-	5,950.00	63,950.00
6/30/2029	61,000.00	-	3,050.00	64,050.00
<b>Total</b>	<b>901,000.00</b>	<b>-</b>	<b>697,250.00</b>	<b>1,598,250.00</b>

**YIELD STATISTICS**

Average Life.....	15.227 Years
Weighted Average Maturity (Par Basis).....	15.155 Years
Average Coupon.....	5.0820897%

**REFUNDING BOND INFORMATION**

Refunding Dated Date.....	4/01/2004
Refunding Delivery Date.....	4/27/2004

**\$901,000**  
*Edmonson County Water District*  
*Series 1995 B*

**PRIOR ORIGINAL DEBT SERVICE**

Date	Principal	Coupon	Interest	Total P+I
6/30/2004	-	-	-	-
6/30/2005	19,000.00	-	45,050.00	64,050.00
6/30/2006	20,000.00	-	44,100.00	64,100.00
6/30/2007	21,000.00	-	43,100.00	64,100.00
6/30/2008	22,000.00	-	42,050.00	64,050.00
6/30/2009	23,000.00	-	40,950.00	63,950.00
6/30/2010	24,000.00	-	39,800.00	63,800.00
6/30/2011	25,000.00	-	38,600.00	63,600.00
6/30/2012	27,000.00	-	37,350.00	64,350.00
6/30/2013	28,000.00	-	36,000.00	64,000.00
6/30/2014	29,000.00	-	34,600.00	63,600.00
6/30/2015	31,000.00	-	33,150.00	64,150.00
6/30/2016	32,000.00	-	31,600.00	63,600.00
6/30/2017	34,000.00	-	30,000.00	64,000.00
6/30/2018	35,000.00	-	28,300.00	63,300.00
6/30/2019	37,000.00	-	26,550.00	63,550.00
6/30/2020	39,000.00	-	24,700.00	63,700.00
6/30/2021	41,000.00	-	22,750.00	63,750.00
6/30/2022	43,000.00	-	20,700.00	63,700.00
6/30/2023	45,000.00	-	18,550.00	63,550.00
6/30/2024	48,000.00	-	16,300.00	64,300.00
6/30/2025	50,000.00	-	13,900.00	63,900.00
6/30/2026	53,000.00	-	11,400.00	64,400.00
6/30/2027	56,000.00	-	8,750.00	64,750.00
6/30/2028	58,000.00	-	5,950.00	63,950.00
6/30/2029	61,000.00	-	3,050.00	64,050.00
<b>Total</b>	<b>901,000.00</b>	<b>-</b>	<b>697,250.00</b>	<b>1,598,250.00</b>

**YIELD STATISTICS**

Average Life.....	15.227 Years
Weighted Average Maturity (Par Basis).....	15.155 Years
Average Coupon.....	5.0820897%

**REFUNDING BOND INFORMATION**

Refunding Dated Date.....	4/01/2004
Refunding Delivery Date.....	4/27/2004

**\$519,500**  
*Edmonson County Water District*  
*Series 1997*

**PRIOR ORIGINAL DEBT SERVICE**

Date	Principal	Coupon	Interest	Total P+I
6/30/2004	-	-	-	-
6/30/2005	9,500.00	-	25,975.00	35,475.00
6/30/2006	10,000.00	-	25,500.00	35,500.00
6/30/2007	10,500.00	-	25,000.00	35,500.00
6/30/2008	11,000.00	-	24,475.00	35,475.00
6/30/2009	11,500.00	-	23,925.00	35,425.00
6/30/2010	12,000.00	-	23,350.00	35,350.00
6/30/2011	13,000.00	-	22,750.00	35,750.00
6/30/2012	13,000.00	-	22,100.00	35,100.00
6/30/2013	14,000.00	-	21,450.00	35,450.00
6/30/2014	14,500.00	-	20,750.00	35,250.00
6/30/2015	15,500.00	-	20,025.00	35,525.00
6/30/2016	16,000.00	-	19,250.00	35,250.00
6/30/2017	17,000.00	-	18,450.00	35,450.00
6/30/2018	18,000.00	-	17,600.00	35,600.00
6/30/2019	18,500.00	-	16,700.00	35,200.00
6/30/2020	20,000.00	-	15,775.00	35,775.00
6/30/2021	20,500.00	-	14,775.00	35,275.00
6/30/2022	22,000.00	-	13,750.00	35,750.00
6/30/2023	22,500.00	-	12,650.00	35,150.00
6/30/2024	24,000.00	-	11,525.00	35,525.00
6/30/2025	25,000.00	-	10,325.00	35,325.00
6/30/2026	26,500.00	-	9,075.00	35,575.00
6/30/2027	27,500.00	-	7,750.00	35,250.00
6/30/2028	29,000.00	-	6,375.00	35,375.00
6/30/2029	30,500.00	-	4,925.00	35,425.00
6/30/2030	32,000.00	-	3,400.00	35,400.00
6/30/2031	36,000.00	-	1,800.00	37,800.00
<b>Total</b>	<b>519,500.00</b>	<b>-</b>	<b>439,425.00</b>	<b>958,925.00</b>

**YIELD STATISTICS**

Average Life.....	16.667 Years
Weighted Average Maturity (Par Basis).....	16.595 Years
Average Coupon.....	5.0749975%

**REFUNDING BOND INFORMATION**

Refunding Dated Date.....	4/01/2004
Refunding Delivery Date.....	4/27/2004

**\$261,000**  
**Edmonson County Water District**  
**Series 1997 B**

**PRIOR ORIGINAL DEBT SERVICE**

Date	Principal	Coupon	Interest	Total P+i
6/30/2004	-	-	-	-
6/30/2005	5,000.00	-	13,050.00	18,050.00
6/30/2006	5,000.00	-	12,800.00	17,800.00
6/30/2007	5,000.00	-	12,550.00	17,550.00
6/30/2008	6,000.00	-	12,300.00	18,300.00
6/30/2009	6,000.00	-	12,000.00	18,000.00
6/30/2010	6,000.00	-	11,700.00	17,700.00
6/30/2011	7,000.00	-	11,400.00	18,400.00
6/30/2012	7,000.00	-	11,050.00	18,050.00
6/30/2013	7,000.00	-	10,700.00	17,700.00
6/30/2014	8,000.00	-	10,350.00	18,350.00
6/30/2015	8,000.00	-	9,950.00	17,950.00
6/30/2016	8,000.00	-	9,550.00	17,550.00
6/30/2017	9,000.00	-	9,150.00	18,150.00
6/30/2018	9,000.00	-	8,700.00	17,700.00
6/30/2019	10,000.00	-	8,250.00	18,250.00
6/30/2020	10,000.00	-	7,750.00	17,750.00
6/30/2021	10,000.00	-	7,250.00	17,250.00
6/30/2022	11,000.00	-	6,750.00	17,750.00
6/30/2023	11,000.00	-	6,200.00	17,200.00
6/30/2024	12,000.00	-	5,650.00	17,650.00
6/30/2025	12,000.00	-	5,050.00	17,050.00
6/30/2026	13,000.00	-	4,450.00	17,450.00
6/30/2027	14,000.00	-	3,800.00	17,800.00
6/30/2028	14,000.00	-	3,100.00	17,100.00
6/30/2029	15,000.00	-	2,400.00	17,400.00
6/30/2030	16,000.00	-	1,650.00	17,650.00
6/30/2031	17,000.00	-	850.00	17,850.00
<b>Total</b>	<b>261,000.00</b>	<b>-</b>	<b>218,400.00</b>	<b>479,400.00</b>

**YIELD STATISTICS**

Average Life.....	16.486 Years
Weighted Average Maturity (Par Basis).....	16.413 Years
Average Coupon.....	5.0758236%

**REFUNDING BOND INFORMATION**

Refunding Dated Date.....	4/01/2004
Refunding Delivery Date.....	4/27/2004

**\$819,000**  
*Edmonson County Water District*  
*Series 1997 B*

**PRIOR ORIGINAL DEBT SERVICE**

Date	Principal	Coupon	Interest	Total P+I
6/30/2004	-	-	-	-
6/30/2005	16,000.00	-	40,950.00	56,950.00
6/30/2006	17,000.00	-	40,150.00	57,150.00
6/30/2007	17,000.00	-	39,300.00	56,300.00
6/30/2008	19,000.00	-	38,450.00	57,450.00
6/30/2009	19,000.00	-	37,500.00	56,500.00
6/30/2010	20,000.00	-	36,550.00	56,550.00
6/30/2011	21,000.00	-	35,550.00	56,550.00
6/30/2012	22,000.00	-	34,500.00	56,500.00
6/30/2013	24,000.00	-	33,400.00	57,400.00
6/30/2014	24,000.00	-	32,200.00	56,200.00
6/30/2015	25,000.00	-	31,000.00	56,000.00
6/30/2016	27,000.00	-	29,750.00	56,750.00
6/30/2017	38,000.00	-	28,400.00	66,400.00
6/30/2018	30,000.00	-	26,500.00	56,500.00
6/30/2019	31,000.00	-	25,000.00	56,000.00
6/30/2020	33,000.00	-	23,450.00	56,450.00
6/30/2021	34,000.00	-	21,800.00	55,800.00
6/30/2022	36,000.00	-	20,100.00	56,100.00
6/30/2023	38,000.00	-	18,300.00	56,300.00
6/30/2024	40,000.00	-	16,400.00	56,400.00
6/30/2025	42,000.00	-	14,400.00	56,400.00
6/30/2026	44,000.00	-	12,300.00	56,300.00
6/30/2027	46,000.00	-	10,100.00	56,100.00
6/30/2028	49,000.00	-	7,800.00	56,800.00
6/30/2029	51,000.00	-	5,350.00	56,350.00
6/30/2030	56,000.00	-	2,800.00	58,800.00
<b>Total</b>	<b>819,000.00</b>	<b>-</b>	<b>662,000.00</b>	<b>1,481,000.00</b>

**YIELD STATISTICS**

Average Life.....	15.916 Years
Weighted Average Maturity (Par Basis).....	15.844 Years
Average Coupon.....	5.0785370%

**REFUNDING BOND INFORMATION**

Refunding Dated Date.....	4/01/2004
Refunding Delivery Date.....	4/27/2004



**Edmonson County Water District  
Comparative Balance Sheet  
December 31, 2003 and 2002**

	<u>Assets</u>	
	2003	2002
<b>Current Assets:</b>		
Cash and Working Funds	\$ 913,315	\$ 660,638
Accounts Receivable - Note 1	116,438	112,667
Material and Supplies Inventory - Note 1	48,786	58,205
Prepaid Expenses	29,977	22,812
Total Current Assets	1,108,516	854,322
<b>Special Funds - Note 2:</b>		
Revenue Fund	944	315
Depreciation Fund	1,104,112	1,052,502
Construction Fund	50	31,771
Membership Fee Fund	316,952	305,414
Bond and Interest Fund	41,160	80,082
Debt Service Reserve Fund	617,131	600,922
Land Purchase Reserve Fund	91,000	104,000
Total Special Funds	2,171,349	2,175,006
<b>Utility Plant - Note 1:</b>		
Plant in Service	26,847,277	26,382,589
Less: Accumulated Depreciation	(6,622,465)	(6,062,755)
Net Utility Plant	20,224,812	20,319,834
<b>Deferred Debits:</b>		
Unamortized Debt Expense - Net - Note 1	156,693	163,479
<b>Total Assets</b>	<b>\$23,661,370</b>	<b>\$23,512,641</b>

The Notes to the Financial Statements are an Integral Part of this Statement.

Liabilities and Capital

	<u>2003</u>	<u>2002</u>
<b>Current Liabilities:</b>		
Loans Payable to Kentucky Infrastructure Authority - Note 3	\$ 49,683	\$ 41,364
Note Payable - Kentucky Rural Water Association - Note 3	10,335	-
Provision for Land Purchase - Note 3	13,000	13,000
Loans Payable to Corp of Engineers	1,793	-
Accounts Payable	236	899
Accounts Payable Contractors	256,697	22,388
Customer Deposits	215,000	208,475
Compensated Absences - Note 7	102,024	56,089
Accrued Interest	1,281	2,284
Other Current Liabilities	20,284	18,263
Total Current Liabilities	<u>670,333</u>	<u>362,762</u>
<b>Long-Term Debt - Note 3:</b>		
Rural Development Bonds	9,933,100	10,085,000
Edmonson County Water District Water System Refunding Revenue Bonds	1,120,000	1,160,000
Loans Payable to Kentucky Infrastructure Authority	2,129,399	2,224,141
Loans Payable to Corp of Engineers	-	1,793
Provision for Land Purchase	78,000	91,000
Total Long-Term Debt	<u>13,260,499</u>	<u>13,561,934</u>
<b>Capital:</b>		
Contributions in Aid of Construction	3,032,393	2,919,710
Grants in Aid of Construction	6,229,492	6,175,796
Retained Earnings	468,653	492,439
Total Capital	<u>9,730,538</u>	<u>9,587,945</u>
<b>Total Liabilities and Capital</b>	<u><u>\$23,661,370</u></u>	<u><u>\$23,512,641</u></u>

**Edmonson County Water District  
Comparative Statement of Retained Earnings  
For the Years Ended December 31, 2003 and 2002**

	<u>2003</u>	<u>2002</u>
Retained Earnings, January 1	\$ 492,439	\$ 259,287
Net Income (Loss) for the Year	<u>(23,786)</u>	<u>233,152</u>
Retained Earnings, December 31,	<u>\$ 468,653</u>	<u>\$ 492,439</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

**Edmonson County Water District**  
**Comparative Statement of Revenue and Expenses**  
**For the Years Ended December 31, 2003 and 2002**

	2003	2002
Operating Revenues:		
Sales of Water:		
Metered Sales - Retail	\$ 2,076,143	\$ 2,083,799
Sales for Resale	62,140	63,512
Total Sales	2,138,283	2,147,311
Consumers' Forfeited Discounts	45,968	51,473
Service Fees	32,458	34,570
Total Operating Revenues	2,216,709	2,233,354
Operating Revenue Deductions:		
Operating Expenses (Schedule):		
Water Treatment Expenses	401,806	356,056
Transmission and Distribution Expenses	241,922	230,881
Customer Accounts Expense	237,161	213,728
Administrative and General Expenses	235,061	194,382
Total Operating Expenses	1,115,950	995,047
Depreciation	559,710	498,870
Taxes	44,737	43,252
Total Operating Revenue Deductions	1,720,397	1,537,169
Utility Operating Income	496,312	696,185
Other Income and (Deductions):		
Bad Debt Recovery	511	268
Interest Income	95,210	109,173
Gain (Loss) on Disposition of Utility Plant	-	800
Nonutility Income	2,814	4,587
Miscellaneous Nonutility Expenses	(2,744)	(2,803)
Total Other Income - Net	95,791	112,025
Interest Expense:		
Interest	594,940	568,977
Amortization of Debt Expense	6,786	6,081
Total Interest	601,726	575,058
Net Income (Loss) before Extraordinary Item	(9,623)	233,152
Extraordinary Item:		
Current Loss on Refinancing of Long-Term Debt - Note 3E	(14,163)	-
Net Income (Loss)	\$ (23,786)	\$ 233,152

The Notes to the Financial Statements are an Integral Part of this Statement.

**Edmonson County Water District**  
**Comparative Statement of Cash Flows**  
**For the Years Ended December 31, 2003 and 2002**

	2003	2002
Operating Activities:		
Operating Income:	\$ 496,312	\$ 696,185
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	559,710	498,870
(Increase) in Accounts Receivable	(3,771)	(9,343)
Decrease (Increase) in Inventory	9,419	(14,727)
(Increase) in Prepaid Expenses	(7,165)	(7,515)
(Decrease) in Accounts Payable	(663)	(3,207)
Increase in Customer Deposits	6,525	6,100
Increase in Compensated Absences	45,935	13,057
Increase (Decrease) in Other Current Liabilities	2,021	(4,756)
Nonoperating Income (Expense)	581	2,052
Net Cash Provided by Operating Activities	1,108,904	1,176,716
Investing Activities:		
Acquisition and Construction of Utility Plant Assets	(196,985)	(2,293,251)
Increase in Deferred Debits	-	(13,771)
Proceeds from Disposition of Utility Plant Assets	-	800
Interest Earned on Cash Investments	95,210	109,173
Net Cash (Used) in Investing Activities	(101,775)	(2,197,049)
Financing Activities:		
Bond Proceeds	-	4,113,000
Payments on Bonds and Loans	(292,487)	(263,579)
Note Proceeds	10,335	1,241,320
Payment on Notes and Contracts	(13,000)	(4,002,826)
Payment on Utility Plant Payables and Accruals	(22,388)	(640,530)
Interest Paid on Debt	(595,943)	(569,146)
Refunds of Contributions in Aid of Construction	(5,593)	(11,323)
Proceeds from Contributions in Aid of Construction, Tap on Fees and Other	114,423	78,407
Proceeds from Contributions in Aid of Construction, Grants	46,544	1,350,000
Net Cash Provided (Used) in Financing Activities	(758,109)	1,295,323
Net Increase in Cash	249,020	274,990
Cash and Cash Equivalents, January 1	2,835,644	2,560,654
Cash and Cash Equivalents, December 31	\$ 3,084,664	\$ 2,835,644

The Notes to the Financial Statements are an Integral Part of this Statement.